

Message Text

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FOR OPIC

E.O. 11652: N/A

TAGS: EINV, ID

SUBJECT: OPIC ANNUAL "D" AWARD

REF: STATE 223678

1. REFTEL INFORMED US THAT FREEPORT MINERALS INDONESIA BEING CONSIDERED FOR OPIC'S ANNUAL "D" AWARD FOR "ASSISTING IN DEVELOPMENT OF LOCAL ECONOMY" AND BEING "ON GOOD TERMS WITH HOST GOVERNMENT." WITH REGARD TO THESE CRITERIA OPIC SHOULD BE AWARE OF AUGUST 13, 1976 ISSUE OF "FAR EASTERN ECONOMIC REVIEW" WHICH, ON PAGE 22, STATES: QUOTE FREEPORT IS THE WORST CASE, PARTLY BECAUSE IT WAS ONE OF THE FIRST MINING COMPANIES TO ENTER INDONESIA AFTER THE FALL OF SUKARNO AND OPERATES UNDER A REMARKABLE CONCESSIONARY CONTRACT. THE 5,000 EMPLOYEES LIVE IN A GUARDED WESTERN-STYLE TOWNSHIP SUPPLIED ENTIRELY FROM OUTSIDE WEST IRIAN AND, IN SOME COMMODITIES, FROM OUTSIDE INDONESIA ITSELF. LOCAL TRIBESPEOPLE ARE REPORTEDLY IGNORED....END QUOTE.

2. IT IS OUR VIEW THAT FEER ARTICLE IS UNBALANCED, AND, IN ADDITION TO BEING A REMARKABLE ENGINEERING FEAT, FREEPORT INDONESIA HAS WORKED HARD, AND WITH SOME SUCCESS, AT BEING A CORPORATE GOOD CITIZEN. IT HAS INVOLVED ITSELF IN A NUMBER OF DEVELOPMENT EFFORTS IN WEST IRIAN, GOING SO FAR AS DESIGNING AND RECRUITING FOR A SELF-HELP PROGRAM TO BUILD UP SMALL INDIGENOUS BUSINESSES WHICH FREEPORT

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CAN SUPPORT AS A CUSTOMER. RELATIONS WITH TRIBESPEOPLE IN

AREA OF OPERATION ARE IMPROVING AFTER FIRM BROUGHT IN COMMUNITY RELATIONS SPECIALIST WITH EXPERIENCE IN SOCIAL PROJECTS IN LDCS AND SOME LANGUAGE CAPABILITY. MOST RECENTLY FREEPORT HAS SMOOTHLY ARRANGED THE PURCHASE OF 8.5 PERCENT OF ITS EQUITY BY THE INDONESIAN GOVERNMENT.

3. INDONESIA IS IN MANY WAYS A DIFFICULT ENVIRONMENT IN WHICH TO DO BUSINESS; FREEPORT IN OUR VIEW HAS DONE WELL, AND IS DESERVING OF SOME RECOGNITION.
NEWSOM

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